

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-690-E - ORDER NO. 94-1281 ✓
DECEMBER 21, 1994

IN RE: Petition of South Carolina Electric & Gas Company for Approval of Transfer of Property to the Town of Mount Pleasant, South Carolina.) ORDER APPROVING TRANSFER OF PROPERTY

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of South Carolina Electric & Gas Company (SCE&G or the Company) requesting approval of the transfer of one parcel of real property, with improvements, to the Town of Mount Pleasant, South Carolina.

On October 26, 1994, SCE&G filed a Petition with the Commission requesting approval of the transfer of property to the Town of Mount Pleasant. The property in question consists of a parcel of land 150 feet by 129 feet, with improvements, located at the corner of Hibben and Whilden Streets in the Town of Mount Pleasant, South Carolina. The Petition was filed pursuant to S.C. Code Ann., §58-27-1300 (1976), as amended.

On December 13, 1994, a public hearing was held in the Commission's Hearing Room. The Honorable Rudolph Mitchell presided. Belton Zeigler, Esquire, represented SCE&G, and Florence P. Belser, Staff Counsel, represented the Commission Staff.

George C. How, Manager of the Rates and Regulatory Affairs Department of SCE&G, appeared and offered testimony in support of SCE&G's Petition. Mr. How testified that the property to be donated consists of one (1) parcel of real estate, with improvements, which is not required for current utility operations. Mr. How testified that SCE&G acquired this parcel of property in 1952 and used it as the site for the Company's Mount Pleasant Service Center and Crew Quarters. Mr. How stated that SCE&G moved its facilities to another site in 1988, and that this property was then classified as non-utility property. According to Mr. How, the property is under pending donation to the Town of Mount Pleasant, South Carolina, which has leased this property since 1988 and used it as a fire station.

Mr. How further stated that the fair market value of the property is \$203,000, and that the Company should realize a tax benefit on the donation of approximately \$52,000. According to Mr. How, SCE&G requests authority in accord with the FERC Uniform System of Accounts for Electric Utilities, that the original cost of the parcel being donated be credited as a reduction of the amount carried upon the books of the Company under Account 121-Non-Utility Property, and that the total of the original cost of the land plus the book value of the improvements be applied to Account 426, Donations.

Upon review of the testimony presented at the hearing, SCE&G's Petition, and the applicable law, the Commission makes the following findings of fact and conclusions of law:

1. The Company is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in the central and southeastern portion of South Carolina.

2. The property to be donated consists of one parcel of real estate which is 150 feet by 129 feet, with improvements, which is located in Mount Pleasant, South Carolina at the corner of Hibben and Whilden Streets.

3. Pursuant to S.C. Code Ann. §58-27-1300 (1976), as amended, the Commission hereby finds and concludes that the transfer of the property is in the interest of the public, and therefore, approves the transfer of the subject property to the Town of Mount Pleasant, South Carolina.


4. The Commission further finds that the accounting treatment requested by the Company is appropriate and in accordance with generally accepted accounting principles, and therefore, the Commission approves the accounting treatment as stated above. However, the Commission believes, and so finds, that the tax benefit received by the donation of this property should be shared between the Company and the ratepayer. The Commission finds that the tax benefit should be shared in the following manner: \$44,720 assigned to the ratepayers and \$7,280 assigned to the shareholders. This allocation is based on the age of the asset (42 years) at the time of the donation and the number of years it was assigned to plant in service (36 years) and to non-utility property (6 years). The benefit to the ratepayers will be implemented in the Company's next general rate case and

will consist of a three year amortization of \$14,907 per year to reduce income tax expense and a rate base reduction of \$14,907 (\$44,720 less \$14,907 equals \$29,813 divided by 2 equals \$14,907). This tax savings is a system savings and accordingly must be allocated to electric, gas, and transit. This treatment is in compliance with Commission Order No. 92-931, dated November 13, 1992, and is specifically addressed under Appendix A, Section IV-A, (Property Transaction Recommendations), Paragraph 5, on p. 22, whereby gains or losses on the sale or transfer of property will be considered by the Commission on a case-by-case basis for ratemaking and other regulatory purposes.


5. This Order shall remain in full force and effect until further Order of the Commission.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director
(SEAL)